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General publications [6-15]

UNEMPLOYMENT INSURANCE [Memorandum]

A major step towards creating an orderly first line of defence against the evils of unemployment was taken in the passing of the Unemployment Insurance Act by Parliament last August.

Well over two million workers or eighty percent of the wage-earners of Canada will come under the Unemployment Insurance Plan. This means protection for about five million people including workers and their dependents. The Act also makes provision for a National Employment Service which helps employers to find workers and assists workers to locate jobs.

ADMINISTRATION BY COMMISSION

The Hon. Norman A. McLarty, Minister of Labour, was responsible for introducing the Unemployment Insurance legislation in the Canadian Parliament. An independent Commission of three men -- known as the Unemployment Insurance Commission -- is responsible for administration of the Act. Arthur MacNamara, Associate Deputy Minister of Labour, the present Acting Chairman, was appointed during the illness of the former Chairman, the late Dr. Sirois. Robert J. Tallon, former Secretary-Treasurer of the Canadian Trades and Labour Congress, represents the interests of labour, while Allan M. Mitchell, a prominent Canadian employer, represents the interests of employers.

TIMELY ENACTMENT

The Insurance Plan is being introduced at an opportune time. Employment is at a high level and contributions made by the present great number of wage-earners will establish a sound reserve fund to meet future emergencies.



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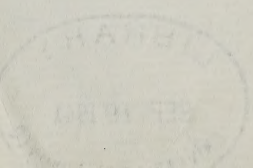
A paper which has been published in London since 1841  
and contains reports of the state of the world and of the  
progress of the human race, and of the state of the  
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Unemployment Insurance will make a direct contribution to our war effort. During the war, demands upon the Fund will be few and the reserves will be invested in Victory Loans and other similar Government Bonds. To the taxpayer, this means that about four million dollars a month less has to be raised by the Minister of Finance in other ways. Reserves invested in this way will provide a certain amount of interest for the Insurance Fund. At the same time these reserves will be readily available when needed for benefit payments.

WORKERS PROTECTED

Workers pay their share to the Unemployment Insurance Plan and they receive benefits as a right and not as relief. In this way thousands of workers are saved the humiliation of being placed on poor relief. Such a Plan concentrates on the most vital sector of the unemployment problem -- namely, conserving the economic position of the regular labour force in our country.

In this way, Unemployment Insurance becomes a significant factor in maintaining the morale of the workers. The task of providing workers in war-time with a sense of security for the future is extremely important in achieving a maximum war effort on the home front.

AN AID TO BUSINESS

Unemployment Insurance builds up reserves when spending is active and employment is good, and pays them out when trade is depressed and spending needs to be stimulated. While the unemployed workers' insurance income is necessarily smaller than his normal wages his power to buy goods is not completely wiped out. He still has a large percentage of his former wages coming in weekly in the form of Insurance Benefits. In a period of depression, when hundreds of thousands of workers are unemployed, Unemployment Insurance

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becomes an important factor in maintaining consumer purchasing power -- and thus stabilizes business throughout the country.

#### LOWER RELIEF COSTS

Unemployment Insurance is not a complicated or a costly method of dealing with unemployment.

Public works and other devices play their part in alleviating long drawn-out depressions. This is a field in which Unemployment Insurance does not hope to offer adequate protection. However, for the earlier stages of unemployment it seems to be generally true that Unemployment Insurance is less expensive than ordinary relief payments or public works. Because this is true, it makes for lower taxation.

#### INSURED WORKERS

Unemployment Insurance benefits will be available, generally speaking, to all Canadian employees of 16 years or over who earn not more than \$2,000 per annum, with the exception of workers in agriculture, horticulture, forestry, fishing, lumbering and logging in part, hunting, trapping, transportation by water or air and stevedoring, domestic service, charitable institutions or hospitals not seeking profit, professional nursing or teaching, the armed forces, the police force, and ~~Dominion, Provincial and Municipal~~ public service.

#### EMPLOYERS MUST REGISTER

Canadian Employers who have in **their** employment insurable workers must register with the Unemployment Insurance Commission. After the employer has registered through his local Post Office, the Commission provides him with Unemployment Insurance Books and instructions for each insured worker in his employment.

The employer fills in the necessary information on the front cover of each of these Unemployment Insurance





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Books. The cover is then detached and returned to the Commission through the Post Office. This provides an Office Record of the employee to whom the Insurance Book belongs.

The back cover of each new Book is given to the employee as evidence that he is now registered as an Insured Person under the Unemployment Insurance Act.

The employer keeps the Insurance Book and fills in further information required -- which the employee verifies by his signature.

A license is issued to the employer for the purchase of Unemployment Insurance Stamps at the local Post Office. He affixes these stamps each pay period in the Insurance Books of his insured employees in the space provided for the particular period.

In some cases, employees work on a five-day week basis. This working week is considered a full week in the payment of insurance contributions. When workers are employed for shorter periods than the full working week then contributions must be made at a rate of one-sixth of the weekly rate for each day worked. For example, if a worker is employed for only four days of his normal five-day working week, the amount of contribution for that week would be four times one-sixth of the weekly contribution. The stamp is divided into six sections, and is rouletted so that it can be easily torn for this purpose.

As soon as any stamp is affixed in a book, the employer cancels the stamp by impressing, or writing on it in ink, the date that it was placed in the book.

#### DOLLAR FOR DOLLAR

In the country as a whole, employers and employees pay dollar for dollar equally into the Fund, their combined contributions being 80 per cent of the whole. The Dominion Government pays the balance, 20 per cent, as well as the entire cost of administration.

Both contributions and benefits are made on a graded scale and have a direct relation to a worker's earning capacity. The more the worker is earning, the greater the amount relatively he can afford to contribute. If the worker becomes unemployed



Books. The cover is then detached and returned to the donor.  
mission through the Post Office. This involves no further action  
of the employer to whom the insurance book belongs.  
The back cover of each new Book is given to the employee  
as evidence that he is now registered as an insured person under  
the Unemployment Insurance Act.  
The employer keeps the Insurance Book and fills in  
further information required -- which the employee verifies by  
his signature.  
A license is issued to the employer for the purpose of  
Unemployment Insurance stamps at the local Post Office. His  
license then stamps each pay period in the Insurance Book of his  
insured employees in the space provided for the particular period.  
In some cases, employees work on a five-day week basis.  
This working week is considered a full week in the payment of in-  
surance contributions. When workers are employed for regular  
periods then the full working week their contributions may be made  
at a rate of one-sixth of the weekly rate for each day worked.  
The amount is a credit to the employer for each week of his  
general five-day working week. The amount of contribution for the  
week would be four times one-sixth of the weekly contribution.  
The amount is divided into six contributions and is collected so that  
it can be easily paid for this purpose.  
As soon as any stamp is entered in a week, the employer  
cancels the stamp by stamping, or writing, on it "paid". The  
date then it was placed in the Book.

### COLLECTING THE DOLLAR

In the country as a whole, employers and employees pay  
the dollar for the dollar equally into the fund. The amount of contribu-  
tions being so far out of the whole, the Unemployment Insurance pays  
the balance. 50 per cent, as well as the contributions of  
administration.  
Both contributions and balance are made on a graded  
scale and have a direct relation to a worker's earning capacity.  
The more the worker is earning, the greater the amount relatively  
he can afford to contribute. If the worker becomes unemployed



his weekly benefits are in proportion to his contributions. Thus, contributions and benefits are related to the worker's standard of living.

Employer and employee pay different amounts which vary according to the level of the worker's income. The workers in the higher wage brackets pay more than their employers, while those in the lower wage brackets pay less than their employers to the Insurance Fund. (See Schedule).

TABLE OF WEEKLY CONTRIBUTIONS AND  
BENEFITS

| Earnings in a<br>Week  | Weekly<br>Contributions |                  | Weekly Benefits  |  |
|--|-------------------------|------------------|------------------|--|
|  | By Em-<br>ployee        | By Em-<br>ployer | Single<br>Person | Person with<br>one or More<br>Dependents |
| 0 Less than 90¢ daily<br>(or under 16 years<br>of age).....  | .....                   | 27¢              | .....            | .....                                    |
| 1 \$ 5.40 to \$ 7.49   | 12¢                     | 21¢              | \$ 4.08          | \$ 4.80                                  |
| 2 7.50 to 9.59   | 15¢                     | 25¢              | 5.10             | 6.00                                     |
| 3 9.60 to 11.99  | 18¢                     | 25¢              | 6.12             | 7.20                                     |
| 4 12.00 to 14.99   | 21¢                     | 25¢              | 7.14             | 8.40                                     |
| 5 15.00 to 19.99   | 24¢                     | 27¢              | 8.16             | 9.60                                     |
| 6 20.00 to 25.99   | 30¢                     | 27¢              | 10.20            | 12.00                                    |
| 7 26.00 to 38.49<br>(or \$2,000 and under<br>per annum)..... | 36¢                     | 27¢              | 12.24            | 14.40                                    |

The employer pays in the first instance both employer-employee contributions and may deduct the worker's contribution from his wages. There is one exception to this however, -- where a person has contributed for five years, and is earning over \$2,000 in a year, and wishes to continue his insurance. In this case, the employer may deduct the full amount of both contributions from the worker's wage.

At the other extreme of the coverage is the worker who does not receive any wages, or whose wages are less than ninety cents in the full day, or who is under sixteen years of age. In these cases, the employer pays both his own and his worker's contributions.

A worker may earn more than \$38.49 a week and still may be included under the Unemployment Insurance plan, provided that he does not earn more than \$2,000 for the whole year. If the \$2,000 a year







limit, or the rate of pay, cannot be estimated with a reasonable degree of certainty then the previous year's earnings in the same employment are used as the basis for determining present contributions.

Payment for overtime is considered a part of the worker's weekly earnings under the Unemployment Insurance Plan.

When an insured person's earnings take the form of commissions or a share of the profits, an agreement between the employer and employee as to the amount of weekly earnings should be made. Such an agreement will be accepted as the basis for payment of contributions.

When an employed person is paid by the piece, his weekly earnings are determined on the basis of the average weekly earning for the previous month.

During his employment, the worker has the right to inspect his book at reasonable times to ensure that contributions are being properly made on his behalf.

If the worker's employment is terminated for any reason, the employer must return the book to the employee, stamped to the date of termination. In cases where this is not possible, the book must be returned to the nearest Employment and Claims Office of the Commission.

#### QUALIFICATIONS FOR BENEFITS

In order to be eligible for Unemployment Insurance benefit a worker must have contributed thirty weekly (or one hundred and eighty daily) payments over a two year period to the Insurance Fund. The unemployed worker makes application for insurance benefit and proves that he is unemployed. He must be capable of and available for work but unable to obtain suitable employment. He must be willing to attend any course of instruction or training approved by the Commission. The purpose of such instruction is to aid the worker to get a job in another trade.

#### WHEN STRIKES OCCUR

Certain regulations concerning disqualification from benefit have been adopted. No benefits are paid to an insured







worker if he or any similar grade or class of worker in his company has taken part in a strike either directly or by financing it and by so doing has caused a stoppage of work in his plant. Further, a worker is disqualified from receiving benefits for a period of six weeks -- if he has been discharged from his employment due to misconduct; if he has voluntarily given up his work without sufficient reason; if while unemployed he fails to avail himself of an opportunity for employment due to failure to apply, or without good cause refuses to accept work deemed suitable in his case.

#### DISPUTED CLAIMS

Claims for benefit are settled by the Insurance Officers. However, if disputed claims arise, they are dealt with by a Court of Referees which has equal representation of employers and employees. A Superior Court Judge is appointed as Umpire to hear any appeals from the Courts of Referees. His decision is final.

#### WAITING PERIOD

The insured person is not entitled to receive benefit for the first nine days of unemployment which occur in any benefit year. This nine-day waiting period does not necessarily have to be nine consecutive days, but can be spread over a twelve month period.

#### DURATION OF BENEFIT

The duration of an insured person's benefit is related to the number of his contributions. An unemployed worker may receive benefits for one-fifth the number of days he has made contributions during the preceding five years, less one-third the number of days on which he has drawn benefits during the preceding three years.

#### NATIONAL EMPLOYMENT SERVICE

The Unemployment Insurance Act establishes a National Employment Service which is to co-ordinate the Dominion-Provincial Employment Exchange in a nation-wide service. The Employment and Claims Offices which are being set up are the local units through which the Unemployment Insurance Plan is to be operated and through which the Employment Service is to be carried on. There will be over a hundred full-time Employment and Claims Offices in principal





centres across Canada, and many branch and part-time offices in smaller communities and outlying districts.

Workers need jobs and employers need workers. The National Employment Service serves both.

#### LABOUR RESERVES FOR EMPLOYERS

These Employment and Claims Offices will save Canadian employers time and expense involved in interviewing large numbers of applicants, many of whom may be unsuitable for the job to be done. With the preliminary interviewing expertly handled by Employment and Claims Offices, an employer can quickly make a final decision from among a limited number of qualified individuals. The employer is under no obligation to hire any individual sent to him, and if he is not satisfied after interviewing the first applicants selected for him, others will be referred on request. Through the National Employment Service, the employer has on call the largest available pool of labour in his community, and in the country. If his needs cannot be met locally, the Employment Service, through its clearance system, can quickly place the facilities of other offices at his disposal.

#### JOB PLACEMENT FOR WORKERS

The worker wants the kind of job for which he is fitted by training and experience. The National Employment Service can help him find that job. The Employment Service cannot make jobs where there are none, and therefore it cannot guarantee anyone a job. Nevertheless, it has much wider contacts with employers than is possible for any individual worker, and it helps him to find suitable work in the shortest possible time. With first-hand accurate information about job opportunities in the community, the office can eliminate much of the guess-work and wasted time from job-hunting.

#### AN AID TO THE WAR EFFORT

Speed, efficiency and team-work are the keys to a maximum national war effort. Jobs and men -- the right men for the jobs -- must be brought together quickly. The National Employment Service is our country's answer to this problem. It gives the employers access to the greatest possible number of workers. It informs workers of Canada's job opportunities.











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